Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA)

Results Announcement

International Investment Position & External Debt – Second Quarter, 2018

The Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA) announced the preliminary results of the International Investment Position (IIP), and External Debt statistics for Palestine as of end of the second quarter 2018.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of second quarter 2018 revealed that the net IIP amounted to about USD 1,492 million, which means that the Palestinian economy's investments outside Palestine outweighs investments in Palestine from abroad. The resident cash deposits in foreign banks and foreign exchange in the Palestinian economy accounted for the bulk of the external assets, constituting 59.7% of the total value of external assets.

The total stocks of External Assets for Palestinian economy amounted to USD 6,413 million, the Foreign Direct Investment Abroad contributed to 5.4%, Portfolio Investments abroad reached 21.9%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 64.5% and Reserve Assets amounted to 8.2%, at sectoral level, the external investments of banks sector represented a large share of the external assets, standing at 68.7% of the total value of external assets for Palestinian economy.

The total stocks of Foreign Liabilities in Palestine (stocks of non-residents invested in Palestine) amounted to USD 4,921 million, the Foreign Direct Investment in Palestine contributed to 55.0%, Portfolio Investments in Palestine reached 13.8% and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 31.2%, at sectoral level, the foreign investments in banks sector contributed a major value in the foreign liabilities, represented by 35.5% of the total value of foreign liabilities on Palestinian economy.

The Gross External Debt on the Palestinian economic sectors reached USD 1,579 million, the debt on government sector represented 65.1%, while debt on banks sector reached 29.5%, and debt on other sectors (nonbank financial corporations, non-financial corporations, NGOs and households sector) amounted to 2.6%, and the lending between affiliated companies reached 2.8%.

The International Investment Position (IIP) is an accounting sheet that records the investments stocks for the residents in Palestine (individuals, institutions and government) invested in the rest of the world (abroad) under the name of (assets), and compares them to the investments stocks owned by residents outside Palestine (individuals, institutions and government) invested in Palestine under the name of (liabilities).

The Balance of Payments Manual - fifth edition, issued by the International Monetary Fund in 1993, divides the assets and liabilities into direct investment (investment by 10% and more in the non-resident capital), and portfolio investment (investment less than 10% in the non-resident capital as well as investment in bonds), and other investments. It divides these other investments into stocks of trade credit, loans, currency and deposits and any other assets or liabilities), in addition to the Reserve Assets, i.e. Stocks held by the Central Banks/ Monetary Authorities to address the imbalances in the balance of payments, it is worth mentioning that the reserve assets are only included in the asset side.

The External Debt is an accounting sheet that records the debt stocks on Palestinian economic sectors due to non-residents. These include (loans from non-residents, the deposits of the non-residents deposited in the banks sector in Palestine, the Palestinian bonds purchased by non-residents, debt transactions between the non-resident enterprises and fellow enterprises in Palestine. They encompass as well any other liabilities on Palestinian economy) the data of external debt have been extracted from the liabilities side in the international investment position matrix (debt items). Preparing, classifying and publishing of the data are based on (External Debt Statistics Manual) issued by IMF in 2003, this manual is harmonized with the fifth edition of Balance of Payments Manual.

For further details please contact:

Palestinian Central Bureau of Statistics	**Or**	**Palestine Monetary Authority**
P.O. Box 1647, Ramallah- Palestine.		**P.O. Box 452, Ramallah- Palestine.**
Tel: (972/970) 2 2982700		Tel: (972/970) 2 2415250
Fax: (972/970) 2 2982710		Fax: (972/970) 2 2409922
Toll free: 1800300300		
E-Mail: diwan@pcbs.gov.ps		E-Mail: info@pma.ps
Website: http://www.pcbs.gov.ps		Website: http://www. pma.ps
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Table 1: International Investment Position (IIP) Stock by Economic Sectors for Palestine, at the end of the Second Quarter, 2018

Value in million USD

Economic Sector / Investments Stocks by Type of Investment	Monetary Authorities (PMA)	Government Sector	Banks Sector	Other Sectors		TOTAL
				Nonbank Financial Corporations, Non-Financial Corporations, and NGOs Sector	House-Holds Sector	
International Investment Position (net)*	**947**	**-961**	**2,660**	**-200**	**-954**	**1,492**
Total External Assets	**947**	**66**	**4,406**	**960**	**34**	**6,413**
Foreign Direct Investment Abroad	0	0	0	338	11	349
Portfolio Investments Abroad	83	0	898	421	0	1,402
Other Investments Abroad	339	66	3,508	201	23	4,137
*Of which: currency and deposits***	339	0	3,429	37	23	3,828
Reserve Assets	525	0	0	0	0	525
Total Foreign Liabilities	**0**	**1,027**	**1,746**	**1,160**	**988**	**4,921**
Foreign Direct Investment in Palestine	0	0	987	730	988	2,705
Foreign Portfolio Investments in Palestine	0	0	293	388	0	681
Foreign Other Investments in Palestine:	0	1,027	466	42	0	1,535
Of which: loans from abroad	0	1,027	0	31	0	1,058
*Of which: currency and deposits****	0	0	466	0	0	466

Notes:
- The data in the above table are close to the nearest integer.
- The data does not include the value of land owned by non-residents.

* International investment position (net): equals total external assets minus total foreign liabilities.

** Currency and deposits: Include the residents deposits in banks abroad, in addition to foreign exchange in Palestinian economy.

*** Currency and deposits: Include the deposits of non-residents deposited in resident banks.

Table 2: Gross External Debt Position on Palestine, at the End of the First Quarter, 2018 and Second Quarter, 2018

Value in million USD

Economic Sector	Stock at the end of the First Quarter 2018	Stock at the end of the Second Quarter 2018
General Government	**1,040**	**1,027**
Short-term	81	86
Long-term	959	941
Monetary Authorities	**0**	**0**
Short-term	0	0
Long-term	0	0
Banks	**525**	**466**
Short-term	297	217
Long-term	228	249
Other Sectors	**70**	**42**
Short-term	3	4
Long-term	67	38
Direct Investment: lending between affiliated companies	**5**	**44**
Debt liabilities to affiliated enterprises	0	41
Debt liabilities to direct investors	5	3
Gross External Debt Position	**1,640**	**1,579**